

PROPOSED IMMEDIATE IMPROVEMENTS IN BENEFITS RECOMMENDATIONS OF THE STANDING COMMITTEE

The Consultation Paper recommends the immediate increase in the flat-rate component of the current survivor benefits for persons under the age of 65. This would result in a doubling from \$98.96 a month at the current rate to \$197.92 a month. Dependent children's benefits would increase.

The recommended increases in the flat-rate components of the survivors' benefits under CPP were given broad support in testimony before the Committee. The Committee shares the view that the flat-rate portion of these CPP benefits should be increased so that survivors receive a minimum benefit sufficiently large to assist in maintaining their standard of living.

Of great concern to the Committee, however, is the inability of the federal government to ensure that increases in benefits reach all Canadians. Approximately 8% of all survivors now receiving benefits are also in receipt of welfare assistance. For these survivors, the provinces have the power to reduce welfare payments by amounts up to the increase in CPP survivor benefits. As CPP benefits are taxable, the doubling of the flat-rate benefit could actually result in some reduction in the amounts retained by welfare recipients!

The Committee is extremely concerned that these survivors, who are most in need of the flat-rate increases, may be denied the full benefit by the failure of their provincial governments to allow the "pass-through". This failure to allow a pass-through recently occurred with increases in disability income. Recent increases were not passed-through to the 13% of the recipients who were receiving welfare, despite the objections of the federal government.

The Committee agrees strongly with the Minister of National Health and Welfare, the Hon. Jake EPP, who told the Committee:

I believe it [CPP] is a contributory plan, to which people have made provision in case of disability, death, or retirement; and therefore those benefits should be passed on. We were also willing, as a Government of Canada, to make provisions in the interpretation of the Canada Assistance Plan to allow for those pass-throughs. So far, I have not received from the provinces any assurance that they have been persuaded by that argument... The provinces of all political stripes, of all parties, have chosen so far not to do the pass-through.

The Standing Committee believes it of great importance that the increased flat-rate portion of survivors' benefits be passed-through to welfare recipients so that they receive the benefit of an increase in the minimum benefit payable. While it is highly undesirable that federal and provincial governments assume confrontational positions on matters of national policy, it is important in this instance that the Government of Canada persuade the provinces to allow less affluent Canadians the advantages of CPP increases and, if it becomes necessary, to ensure that poor Canadians receive the full financial value of increases in pension benefits.